

For: State and County Offices, CMA's, DMA's, and LSA's

**CCC-633 EZ Policy for CMA Members or
Designated Marketing Association (DMA) and LSA Producers**

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

A significant portion of Marketing Assistance Loans (MAL's) and LDP's are earned by cooperative members through CMA marketing pools. Producers engaging in pool marketing sign marketing agreements with CMA's that expire only when producers provide written notice during a certain time period. Marketing agreements specify:

- when CMA's take title to commodities, usually upon delivery
- that CMA's may obtain MAL's and LDP's on producers behalf
- that producers retain the right to receive proceeds from MAL's, LDP's, and marketing of the commodity.

Producers also may:

- enter into annual addenda to marketing agreements under which they provide current crop year data such as FSN's and intended acres
- agree in writing to an acreage or quantity that will be delivered to the CMA for direct purchase or a marketing pool.

In the past, CCC has maintained that up to the time when the CMA takes title to the commodity, a producer may choose to obtain CCC benefits, especially LDP's, from their County Office. This has caused confusion between County Offices and CMA's and has resulted in duplicate benefits that take County Office and CMA staff considerable time to resolve. Issuance of CCC-633 EZ has prompted a review of CMA member options.

Disposal Date	Distribution
August 1, 2006	State and County Offices; State Offices relay to CMA's, DMA, and LSA's

Notice CMA-93

1 Overview (Continued)

B Purpose

This notice provides County Offices, CMA's, DMA's, and LSA's with:

- clarification of policy for use of CCC-633 EZ
- preventing duplicate benefits
- resolving duplicate benefits.

C Contact

CMA's and State Offices shall direct questions about this notice to Chris Kyer by:

- telephone at 202-720-7935
- e-mail to chris.kyer@wdc.usda.gov.

2 Clarification of CCC-633 EZ policy for CMA members

A Applicability of CCC-633 EZ

Notice LP-1997 provides that:

- CCC-633 EZ's are applicable to CMA's that apply to service County Offices for LDP's; this means that:
 - CMA's will use CCC-633 EZ, page 1 when they apply for benefits at their assigned service County Office
 - CMA producer administrative County Offices do **not** send copies of CCC-633 EZ's, page 1 to CMA service County Offices
 - DMA's and LSA's are responsible for obtaining CCC-633 EZ, page 1 from their producers
- quantities covered by CCC-633 EZ are not committed under a marketing agreement to a CMA; this means that:
 - while they are always allowed to file CCC-633 EZ, page 1 at a County Office for commodities and quantities that may not be covered by a CMA marketing agreement, producers **must** avoid using CCC-633 EZ, page 2 to request LDP for quantities that are covered by a CMA marketing agreement and for which the CMA will obtain MAL or LDP
 - if producers obtain LDP's for commodities covered by a CMA marketing agreement and the CMA also obtains MAL or LDP on the same quantity, the duplicate benefit must be resolved by refunding the incorrect benefit.

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2 Clarification of CCC-633 EZ policy for CMA producers (Continued)

B County Office Action

County Offices that have CMA's operating in their State shall advise CMA members that:

- they may file CCC-633 EZ, page 1 for quantities not covered or unsure of being covered by a CMA marketing agreement
- if they have committed quantities to a CMA under the terms of a CMA marketing agreement or annual addendum, CCC-633 EZ, page 2 will not apply to such quantities and they should earn MAL or LDP benefits through their CMA
- should they earn a duplicate benefit, a refund of 1 of the benefits will be required including interest and liquidated damages
- they may file CCC-633 EZ, page 2 if they present documentation from the CMA indicating that the CMA will **not** provide MAL or LDP benefits to the producer.

Note: Cotton CMA's do **not** use all pages of CCC-633 EZ. However, the underlying policy in this Notice shall apply to cotton producers who are also members of cotton CMA's.

C CMA Action

CMA's shall:

- for peanuts, rice, grains, oilseeds, mohair, and wool, file 1 CCC-633 EZ, page 1 at their service County Office each crop year to cover commodities for which they may request LDP's
- for peanuts, rice, grains, oilseeds, mohair, and wool, file CCC-633 EZ, page 2 at their service County Office for each LDP request
- publicize the policy in this notice to members
- as much as possible, craft marketing agreements and annual addenda to specify quantities that are expected to be delivered.

Note: This may involve the use of FSA established FSN's and reported acreages provided by producers and by the CMA eligibility process.

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3 Resolving Duplicate Benefits

A General Policy

CMA's and County Offices shall refer to 1-CMA, paragraph 139 to identify and resolve duplicate benefits.

For duplicate benefits between CMA's and County Offices, DMA's, or LSA's and if the **quantity** for which the duplicate benefit has been obtained:

- **can** be tied to a marketing agreement or annual addendum, the correct benefit is determined by the date of whichever of the following occurs first:
 - the marketing agreement or annual addendum containing the quantity
 - the County Office, DMA, or LSA disbursed benefit
- **cannot** be tied to a marketing agreement or annual addendum, the correct benefit is determined by the date of whichever of the following occurs first:
 - the first CMA advance payment to the producer
 - the date of the County Office, DMA, or LSA disbursed benefit.

For duplicates between County Offices, DMA's, or LSA's, the correct benefit is the date of the first disbursed benefit.

B CMA Action

CMA's shall:

- use the LV1 data provided by the CMA eligibility process to detect unreasonable and duplicate benefits
- provide volume reports from CMA's and DMA's to administrative County Offices according to 1-CMA, paragraph 551
- resolve duplicate benefits according to 1-CMA, paragraphs 139 and 553, and this notice.

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3 Resolving Duplicate Benefits (Continued)

C State Office Action

State Office Price Support Specialists shall:

- promptly review volume reports sent from CMA's or DMA's for completeness
- forward the report by e-mail to the applicable administrative County Office with instructions to review the report and take action in a timely manner
- set a realistic deadline for County Offices to complete review of the reports.